PEARL GLOBAL (HK) LIMITED

REPORTS

AND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

PEARL GLOBAL (HK) LIMITED

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PEARL GLOBAL (HK) LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the annual audited financial statements of the Group for the year ended March 31, 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and garment trading. The principal activities of subsidiaries are set out in Note (25a) to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Company and its subsidiaries (the "Group") for the year ended March 31, 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 8.

The directors do not recommend the payment of any dividend for the year.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are set out in Note (10) to the consolidated financial statements.

SHARE CAPITAL

Details and movement of share capital of the Company are set out in Note (24) to the consolidated financial statements.

Details and movement of reserves of the Group are set out in the consolidated statement of changes in equity on page 11.

DIRECTORS

(a) Directors of the Company

The directors of the Company during the year and up to date of this report were:

Holding Company

Deepak Kumar SETH	
Mahesh Kumar SETH	
Pulkit SETH	
Abhishek GOYAL	(Appointed on March 1, 2019)
Vinod Ramanlal KANTHARIA	(Appointed on January 27, 2019 and resigned on March 28, 2019)

There being no provision in the Company's Articles of Association to the contrary, all directors continue in office for the ensuing year.

DIRECTORS (CONT'D)

(b) Directors of the Company's subsidiaries

Amit KUMAR	
Deepak Kumar SETH	
Frank Petrus SMITS	
Pulkit SETH	
Shefali SETH	
Sweta AGARWAL	
Sumit LATH	(Appointed on March 28, 2019)
Vinod Ramanlal KANTHARIA	(Resigned on March 28, 2019)

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

Except for the related party transactions as disclosed in Note (29) to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Group, any of its holding company, its subsidiaries or its fellow subsidiaries was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the directors of the Company was in force during the year and up to date of this report.

BUSINESS REVIEW

The Company is a wholly owned subsidiary of another body corporate. Accordingly, the Company is exempted from preparing a business review for this financial year.

AUDITORS

The Company's auditors, Messrs. Louis Lai & Luk CPA Limited, retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Deepak Kumar SETH
Chairman

Hong Kong, May 27, 2019.

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
黎劍民、陸永熙會計師事務所有限公司

LOUIS K.M. LAI FCCA CPA (PRACTISING) 黎劍民會計師
LUK WING HAY FCCA CPA (PRACTISING) 陸永熙會計師

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瑞信集團大廈九樓

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF PEARL GLOBAL (HK) LIMITED

(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Pearl Global (HK) Limited and its subsidiaries (" the Group") set out on pages 8 to 49, which comprise the consolidated statement of financial position as at March 31, 2019 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Fundamental Uncertainty Relating to the Going Concern Basis

In forming our opinion, we have considered the adequacy of the disclosure made in Note (2a) to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon on-going support from the Company's ultimate holding company, and the Company may turn to a commercially viable concern. The consolidated financial statements do not include any adjustments that may be necessary should the implementation of such measures become unsuccessful.

We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

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Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622) and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, May 27, 2019.

PEARL GLOBAL (HK) LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2019

	NOTES	2019	2018
		US$	US$
REVENUE	(5)	117,751,267	111,319,998
COST OF SALES		(101,073,710)	(96,343,163)
GROSS PROFIT		16,677,557	14,976,835
OTHER INCOME AND GAINS	(5)	653,429	600,499
GAIN ON DISPOSAL OF PLANT AND EQUIPMENT		11,328	19,031
STAFF COSTS		(5,423,130)	(4,511,717)
DEPRECIATION		(214,538)	(271,090)
OTHER OPERATING EXPENSES		(10,411,498)	(9,953,902)
PROFIT FROM OPERATION		1,293,148	859,656
FINANCE COSTS	(6)	(526,135)	(337,321)
PROFIT BEFORE TAXATION	(7)	767,013	522,335
TAXATION		(175,827)	(256,778)
PROFIT FOR THE YEAR		591,186	265,557
OTHER COMPREHENSIVE LOSS		(38,164)	(106,105)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		553,022	159,452
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Equity holders of the Company		617,112	417,615
Non-controlling interests		(25,926)	(152,058)
		591,186	265,557
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Equity holders of the Company		577,556	325,574
Non-controlling interests		(24,534)	(166,122)
		553,022	159,452

THE NOTES ON PAGES 14 TO 49 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

PEARL GLOBAL (HK) LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

	NOTES	2019	2018
		US$	US$
Non-Current Assets			
Property, plant and equipment	(10)	10,355,820	3,186,051
Financial assets at fair value through other comprehensive income	(11)	1,897,761	-
Other investment at amortised cost	(11)	2,643,275	-
Available-for-sale investments	(11)	-	4,558,893
Loans receivables	(12)	3,289,721	3,216,396
Deposits		147,798	173,692
Long-term prepayment		136,693	-
Deferred tax assets	(9(b))	150,354	117,667
Goodwill	(13)	1,932,750	1,932,750
		20,554,172	13,185,449
Current Assets			
Inventories	(14)	4,070,971	1,569,079
Deposits and prepayment		2,058,654	2,441,427
Trade deposit paid		475,291	557,094
Trade and other receivables	(15)	22,365,433	20,618,841
Cash and cash equivalents		4,111,289	3,642,958
		33,081,638	28,829,399
Current Liabilities			
Amount due to ultimate holding company	(16)	3,248,425	3,082,119
Amounts due to fellow subsidiaries	(16)	13,256,858	13,268,547
Loan from a non-controlling interest	(17)	-	80,000
Loan from a director of a subsidiary	(17)	-	110,000
Trade and other payables	(18)	3,835,876	3,951,207
Provision for taxation		35,666	30,975
Obligations under finance lease	(19)	23,007	24,072
Secured bank borrowings	(20)	16,769,635	7,149,665
Unsecured bank borrowing	(21)	346,460	-
Bank overdrafts		488,677	-
		38,004,604	27,696,585
Net Current (Liabilities)/Assets		(4,922,966)	1,132,814
Total Assets Less Current Liabilities		15,631,206	14,318,263

THE NOTES ON PAGES 14 TO 49 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

PEARL GLOBAL (HK) LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

AS AT MARCH 31, 2019

	NOTES	2019	2018
		US$	US$
Non-Current Liabilities			
Share application money	(22)	482,716	-
Loan from a non-controlling interest	(17)	80,000	-
Loan from a director of a subsidiary	(17)	110,000	-
Employee benefits obligations	(23)	666,362	541,273
Obligations under finance lease	(19)	3,835	41,719
		1,342,913	582,992
NET ASSETS		14,288,293	13,735,271
EQUITY			
Share capital	(24)	9,060,000	9,060,000
Revaluation surplus		239,703	257,559
Translation reserve		82	25,015
Other reserve		(161,863)	(161,863)
Retained earnings		3,320,051	2,699,706
Total equity attributable to equity holders of the Company		12,457,973	11,880,417
Non-controlling interests		1,830,320	1,854,854
TOTAL EQUITY		14,288,293	13,735,271

APPROVED BY THE BOARD OF DIRECTORS ON MAY 27, 2019 AND SIGNED ON BEHALF OF THE BOARD BY:

Deepak Kumar SETH
Director

Pulkit SETH
Director

THE NOTES ON PAGES 14 TO 49 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

PEARL GLOBAL (HK) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2019

	Attributable to shareholders of the Company						
	Share capital	Revaluation surplus	Translation reserve	Other reserve	Retained earnings	Non-controlling interests	Total
	US$	US$	US$	US$	US$	US$	US$
At April 1, 2017	7,060,000	341,941	-	-	2,314,765	1,778,860	11,495,566
Capital injection by holding company	2,000,000	-	-	-	-	-	2,000,000
Capital injection by a non-controlling interest	-	-	-	-	-	80,253	80,253
Transfer to other reserve	-	-	-	(161,863)	-	161,863	-
Profit for the year	-	-	-	-	417,615	(152,058)	265,557
Other comprehensive loss for the year	-	(84,382)	25,015	-	(32,674)	(14,064)	(106,105)
At March 31, 2018	9,060,000	257,559	25,015	(161,863)	2,699,706	1,854,854	13,735,271
Profit for the year	-	-	-	-	617,112	(25,926)	591,186
Other comprehensive loss for the year	-	(17,856)	(24,933)	-	3,233	1,392	(38,164)
At March 31, 2019	9,060,000	239,703	82	(161,863)	3,320,051	1,830,320	14,288,293

THE NOTES ON PAGES 14 TO 49 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

PEARL GLOBAL (HK) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	767,013	522,335
Adjustment for:		
Bank interest income	(35,632)	(103,462)
Other interest income	(73,325)	-
Gain on disposal of plant and equipment	(11,328)	(19,031)
Interest expenses	526,135	337,321
Amortisation	65,234	-
Depreciation	662,390	461,881
Employee benefits expenses	135,966	-
Bad debts	42,594	57,692
Written off of other receivable	48,324	100,340
Fair value changes of available-for-sale investments	-	(84,382)
Foreign exchange gain arising from translating foreign currency items	-	(55,505)
Remeasurement of retirement benefit plan	-	(62,318)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,127,371	1,154,871
Payment for long term prepayment	(75,499)	-
Decrease in deposits	25,894	-
Increase in inventories	(2,501,892)	(293,972)
Decrease/(Increase) in deposits and prepayments	253,851	(48,059)
Decrease/(Increase) in trade deposits paid	81,803	(72,295)
Increase in trade and other receivables	(1,837,510)	(8,904,726)
Net (payments to)/receipts from fellow subsidiaries	(11,689)	9,045,732
Net receipt from ultimate holding company	166,306	2,327,388
Decrease in trade and other payables	(115,331)	(10,960)
Net receipts from a related company	-	10,092
Net receipts from a non-controlling interest	-	80,000
Net receipts from a director of a subsidiary		110,000
Increase in employee benefits obligation	-	164,411
CASH (USED IN)/GENERATED FROM OPERATIONS	(1,886,696)	3,562,482
Employee benefits paid	(2,873)	(12,439)
Interest paid	(526,135)	(337,321)
Profits tax paid	(205,364)	(343,393)
Net cash (used in)/generated from operating activities	(2,621,068)	2,869,329

THE NOTES ON PAGES 14 TO 49 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

PEARL GLOBAL (HK) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
	US$	US$
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	(7,922,343)	(1,017,741)
Proceeds from disposal of property, plant and equipment	68,940	21,496
Acquisition of available-for-sale investments	-	(4,474,511)
Net cash paid for acquisition of a subsidiary	-	(1,847,465)
Acquisition of non-controlling interest	-	(4,350)
Interest received	35,632	2,736
Interest received from available-for-sale investment	-	8,000
Interest received from loan to third parties	-	92,726
Increase in loan to third parties	-	(230,630)
Net cash used in investing activities	(7,817,771)	(7,449,739)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from loan from a fellow subsidiary	482,716	-
Net proceeds from secured bank borrowings	9,619,970	2,107,443
Net proceeds from unsecured bank borrowing	346,460	
Net (repayment to)/proceeds from obligations under finance lease	(38,949)	65,791
Allotment of share capital	-	2,000,000
Capital injection by non-controlling interests	-	80,253
Net cash generated from financing activities	10,410,197	4,253,487
NET DECREASE IN CASH AND CASH EQUIVALENTS	(28,642)	(326,923)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	3,642,958	3,966,776
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	8,296	3,105
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE)	3,622,612	3,642,958
NOTE:		
Cash and cash and equivalents at end of the year comprise the following:		
Bank balances and cash	4,111,289	3,642,958
Bank overdrafts	(488,677)	-
	3,622,612	3,642,958

THE NOTES ON PAGES 14 TO 49 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

1. GENERAL

Pearl Global (HK) Limited is a company incorporated in Hong Kong with limited liability. The principal activities of the Company are investment holding and garment trading. The address of its registered office is Unit 801-3, 8/F., 9 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong. The directors consider that the ultimate holding company is Pearl Global Industries Limited, a company incorporated in India. The shares of the ultimate holding company is listed on the Bombay Stock Exchange and National Stock Exchange in India.

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

These consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS(s)") (which also include Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)")) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention and are presented in United States dollars (US$), which is also the Company's functional and presentation currency.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note (4) to the consolidated financial statements.

The ultimate holding company has confirmed its willingness to provide such financial assistance as is necessary to maintain the Company as a going concern. On the strength of this assurance, the consolidated financial statements have been prepared on a going concern basis.

b. Changes in Accounting Policies and Disclosures

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

(i) HKFRS 9, Financial instruments;
(ii) HKFRS 15, Revenue from contracts with customers;

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

b. Changes in Accounting Policies and Disclosures (Cont'd)

(i) HKFRS 9, Financial instruments, including the amendments to HKFRS 9, Prepayment features with negative compensation

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Group has applied HKFRS 9 retrospectively to items that existed at April 1, 2018 in accordance with the transition requirements and there is no material effect of Group's financial results and financial position.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

A. Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-tomaturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

For an explanation of how the Group classifies and measures financial assets and recognises related gains and losses under HKFRS 9, refer to respective accounting policy notes in Notes 2(f), 2(g), 2(h) and 2(i).

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at April 1, 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at April 1, 2018.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

b. Changes in Accounting Policies and Disclosures (Cont'd)

(i) HKFRS 9, Financial instruments, including the amendments to HKFRS 9, Prepayment features with negative compensation (Cont'd)

B. Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables);

For further details on the Group's accounting policy for accounting for credit losses, refer to Note 2(f).

C. Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. There is no difference in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 as at March 31, 2019. Accordingly, the information presented for 2018 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

- The following assessments have been made on the basis of the facts and circumstances that existed at April 1, 2018 (the date of initial application of HKFRS 9 by the Group):

  - the determination of the business model within which a financial asset is held; and

  - the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).

- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime expected credit loss has been recognised for that financial instrument.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

b. Changes in Accounting Policies and Disclosures (Cont'd)

(ii) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method. There is no cumulative effect of initial application of HKFRS 15 as at April 1, 2018. Therefore, comparative information has not been restated and continues to be reported under HKASs 11 and 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before April 1, 2018.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

A. Timing of revenue recognition

Previously, revenue arising from sales of goods was generally recognized at a point in time when the risks and rewards of ownership for the goods has passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

- When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

b. Changes in Accounting Policies and Disclosures (Cont'd)

(ii) HKFRS 15, Revenue from contracts with customers (Cont'd)

A. Timing of revenue recognition (Cont'd)

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from sales of goods.

c. Other investments in structured products and key man insurance policy

The Group's policies for investments in structured products and key man insurance policy are set out below.

Investments in structured products and key man insurance policy are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs. For an explanation of how the Group determines fair value of financial instruments, refer to Note 28. These investments are subsequently accounted for as follows, depending on their classification.

(A) Policy applicable from April 1, 2018

Structured products

The Group's investments in structured products are not held for trading purpose and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities are recognised in statement of profit or loss as other income in accordance with the policy set out in Note 2(l).

Key man insurance policy

The Group's investments in key man insurance policy are classified into financial assets measured at amortised cost, since the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

c. Other investments in structured products and key man insurance policy (Cont'd)

(B) Policy applicable prior to April 1, 2018

Investments in structured products and key man insurance policy were classified as available- for-sale financial assets. At the end of each reporting period the fair value was remeasured if the change in fair value is material, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve (recycling). Dividend income calculated using the effective interest method were recognised in profit or loss. Foreign exchange gains and losses arising from structured products were also recognised in profit or loss. When the investments were derecognised or impaired, the cumulative gain or loss recognised in equity was reclassified to profit or loss.

d. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to March 31, 2019. Subsidiary is an entity over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiary is consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balance and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiary have been changes where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the shareholders of the Company.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

d. Basis of Consolidation (Cont'd)

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of the controlling and non-controlling interests within consolidated equity to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received recognised directly in equity and attributed to the owners of the Company.

In the Company's statements of financial position, the investments in subsidiary is stated at cost less allowance for impairment losses. The results of subsidiary is accounted for by the Company on the basis of dividends received and receivable.

e. Property, Plant and Equipment

Property, plant and equipment except land, are stated at cost less aggregate depreciation and aggregate identified impairment loss, if any.

Depreciation is provided to write off the cost less residual value of property, plant and equipment over its expected useful lives.

Leasehold land	over the lease term
Land use rights	30 years
Leasehold buildings	over the useful life or lease term, whichever is shorter
Buildings	over the useful life or lease term, whichever is shorter
Infrastructures	5-25 years
Leasehold improvement	3 years
Machineries	5-10 years
Furniture and fixtures	3 - 5 years
Motor vehicles	5-8 years
Tools and equipment	3 - 5 years
Office equipment	3-4 years
Computer equipment	3 years
Computer software	5 years

Land titles is stated at cost and not depreciated. Land titles represent building usage rights of Taman Pasadenia Apartment at Jakarta ("Hak Milik atas Satuan Rumah Susun") for a maximum period of 20 years and could be extended.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

When assets are sold or otherwise disposed of, their carrying amounts are written off from the consolidated financial statements and any resulting gain or loss is included in the consolidated statement of profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

f. Credit losses and impairment of assets

(i) Credit losses from financial instruments

(A) Policy applicable from April 1, 2018

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, amount due to head office and trade and other payables)

Financial assets measured at fair value, including equity securities designated at FVOCI (non-recycling) are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

- variable-rate financial assets: current effective interest rate;

- lease receivables: discount rate used in the measurement of the lease receivable;

- loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum tactual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

f. Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments (Cont'd)

(A) Policy applicable from April 1, 2018 (Cont'd)

Measurement of ECLs(Cont'd)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

(B) Policy applicable prior to April 1, 2018

Prior to April 1, 2018, an "incurred loss" model was used to measure impairment losses on financial assets not classified as at FVPL (e.g. trade and other receivables, and available-for-sale investments). Under the "incurred loss" model, an impairment loss was recognised only when there was objective evidence of impairment. Objective evidence of impairment included

- significant financial difficulties of the debtor;

- a breach of contract, such as a default or delinquency in interest or principal payments;

- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

f. Credit losses and impairment of assets (Cont'd)

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- Plant and equipment ;

- investments in joint ventures in the Group's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest Group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or Group of units) and then, to reduce the carrying amount of the other assets in the unit (or Group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

g. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method.

h. Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cast using the effective interest method less allowance for credit losses.

i. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(f).

j. Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

k. Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

l. Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at the end of the reporting period.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

m. Revenue Recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the bases as follows:

- Revenue from sales of goods is recognised when the customers takes possession of and accepts the products.
- Interest income from bank deposit is accrued on a time proportion basis on the principal outstanding and at the rate applicable.
- Management fee income is recognised when the services are rendered.
- Claims and recovery is recognised when the Company is entitled to the income.
- Other income is recognised on a receipt basis.
- Sampling income is recognised when samples are delivered to buyers.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

n. Borrowing Costs

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

o. Bank Borrowings

Interest bearing bank loans and overdrafts are initially measured as fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs, if any) and the settlement or redemption of borrowings is recognised over the terms of borrowings in accordance with the Group's policy for borrowing cost as stated in the preceding note.

p. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of specific assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the consolidated statement of profit or loss.

r. Employee Benefits Obligation

Policy for the Group's operation in the Republic of Indonesia

The Group determines its post-employment benefits obligation under the Labor Law of the Republic of Indonesia No. 13/2003. The cost of providing post-employment benefits is determined using "Projected Unit Credit" method. Actuarial gains or losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting year exceeded the higher of 10% of the defined benefit obligation and 10% of the fair value of plan assets at that date. These gains or losses are recognised on a straight-line basis method over the expected average remaining working lives of the employees. Past service cost arising from the introduction of a defined benefit plan or changes in the benefits obligation of an existing plan are required to be amortized over the period until the benefits concerned become vested.

Policy for the Group's operation in the Socialist Republic of Vietnam

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Company for full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each year of service equals to a half of an average monthly salary under the Vietnamese Labour Code, Social Insurance Code and relevant guiding documents. The average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the 6 consecutive months nearest to the date of the financial statements at the end of each reporting period. The increase or decrease in the accrued amount shall be recorded in the statement of profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

s. Retirement Benefit Scheme

Policy for the Group's operation in the Hong Kong Special Administrative Region of the People's Republic of China

The Group participates in Mandatory Provident Fund Scheme ("MPF Scheme") for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Pursuant to the rules of the MPF Scheme, each of the employer and employees are required to make contributions to the scheme at rates specified in the rules.

The MPF Scheme is a defined contribution plan and the Group is only obliged to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The retirement benefit cost arising from the MPF Scheme charged to the sonsolidated statement of profit or loss represent contribution payable to the funds by the Group in accordance with the rules of the MPF Scheme.

t. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United States Dollars ("US$"), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the exchange rate adopted by the directors which is closely commensurate with the prevailing year-end exchange rates at the date of that statement of financial position;

(ii) income and expenses for each income statement are translated at the exchange rate adopted by the directors which is closely commensurate with the prevailing average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

t. Translation of Foreign Currency (Cont'd)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, such exchange differences are recognised in the consolidated statement of profit or loss as part of the gain or loss on sale.

u. Related Parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;
(ii) has significant influence over the Group; or
(iii) is a member of the key management personnel of the Group or a parent of the Group.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
(vi) The entity is controlled or jointly controlled by a person identified in (A).
(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Group's stability and growth; and
(iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Estimate of fair values of current assets and liabilities

The nominal value of current assets and liabilities are assumed to approximate their fair values.

(b) Employee benefits

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality bonds that are denominated in the currency in which the benefits will be paid (Rupiah currency/ Vietnamese Dong), and that have maturity approximating the terms of the related post-employment benefit liability.

(c) Income taxes

The Group is subject to income tax in Hong Kong, Vietnam and Indonesian tax jurisdictions. Significant judgment is required in determining local provision for income tax, among other, non-deductible expenses. The Group recognises provision for income tax based on self-assessment. Where the final tax outcome as a result of tax audit is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Prepaid taxes are impaired as the carrying amounts may not be recoverable.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, other income and gains recognised during the year are as follows:	2019 US$	2018 US$
Revenue		
Sales	117,751,267	111,319,998
Other income and gains, net		
Bank interest income	35,632	2,736
Other interest income	124,825	100,726
Claim and recovery	1,000	100,580
Foreign exchange gains, net	-	34,071
Sampling income	31,403	86,296
Sundry income	460,569	276,090
	653,429	600,499
	118,404,696	111,920,497

6. FINANCE COSTS

Bank loan interests	478,555	337,321
Bank overdraft interests	47,580	-
	526,135	337,321

7. PROFIT BEFORE TAXATION

	2019	2018
	US$	US$
Profit before taxation is stated after charging / (crediting):		
Amortisation	65,234	-
Bad debt	42,594	57,692
Depreciation	662,390	461,881
Foreign exchange losses/(gains), net	14,899	(34,071)
Gain on disposal of property, plant and equipment	(11,328)	(19,031)
Rental payment under operating lease #	931,159	643,676
Staff costs (including directors' remuneration)		
- Salaries and allowance *	16,710,014	11,048,054
- MPF contribution	25,934	28,478
- Employee benefit	207,953	130,724
Written off of other receivable	48,324	100,340

\# Rental payment under operating lease of US$395,894 (2018:US$278,972) has been charged to cost of goods sold in the consolidated statement of profit or loss, US$535,265 (2018:US$364,704) has been charged to other operating expenses in the consolidated statement of profit or loss.

* Salaries of US$11,286,885 (2018:US$9,950,665) has been charged to cost of goods sold in the consolidated statement of profit or loss, US$5,423,129 (2018:US$1,097,389) has been charged to staff costs in the consolidated statement of profit or loss.

8. DIRECTORS' REMUNERATION

Remuneration of the directors of the Group disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2019	2018
	US$	US$
Emoluments:		
Acting as directors	-	-
Provision of management services	60,000	60,000
Retirement benefits	-	-
	60,000	60,000

9. TAXATION

Hong Kong profits tax has not been provided since the Company has no assessable profit for the year. Income tax of subsidiaries has been provided at the prevailing rate of the countries in which the subsidiaries operates.

	2019	2018
	US$	US$
Hong Kong Profits tax:		
Current year	-	-
(Overprovision)/Underprovision in prior year	(2,571)	35,161
Overseas income tax		
Current year	212,626	212,042
Overseas deferred tax	(34,228)	9,575
Total	175,827	256,778

a. The tax charge for the year can be reconciled to the profit per consolidated statement of profit or loss as follows:

	2019	2018
	US$	US$
Profit before taxation	767,015	522,335
Tax at the domestic income tax rate	76,216	110,228
Tax effect of expenses that are not deductible	21,334	25,697
Tax effect of income that are not taxable	(11,120)	(6,469)
Net tax allowance claimed	14,162	(14,630)
(Overprovision)/Underprovision in prior year	(2,571)	35,161
Tax loss not yet recognised	497,214	364,014
Deemed income subject to overseas taxation	(385,180)	(266,798)
Current year deferred tax	(34,228)	9,575
Taxation expense for the year	175,827	256,778

b. The following is the analysis of deferred tax balance presented on the consolidated statement of financial position.

	2019	2018
	US$	US$
Subsidiary:		
Deferred tax assets	150,354	117,667

PEARL GLOBAL (HK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land	Land Titles	Land Use Right	Building	Leasehold Building	Infrastructures	Leasehold Improvement	Machineries	Furniture and Fixtures	Motor Vehicles	Tools and Equipment	Office Equipment	Computer Equipment	Computer Software	Construction in progress	Total
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Cost																
At 1/4/2016	-	182,932	-	-	-	283,340	53,471	2,239,956	164,232	358,580	469,127	-	7,566	-	762,838	4,522,042
Additions	-	-	-	-	-		44,987	99,895	7,551	39,314	22,831	-	10,390	-	-	224,968
Disposal	-	-	-	-	-	-	-	(152,667)	-	(21,297)	-	-	-	-	-	(173,964)
Surplus on revaluation	-	-	-	-	-	-	-	504,314	-	-	-	-	-	-	-	504,314
At 31/3/2017 and 1/4/2017	-	182,932	-	-	-	283,340	98,458	2,691,498	171,783	376,597	491,958	-	17,956	-	762,838	5,077,360
Acquisition of a subsidiary	-	-	55,448	-	133,940	932,018	-	995,338	-	52,737	-	63,199	-	10,256	-	2,242,936
Additions	-	-	-	-	-	91,893	-	651,184	9,468	179,990	34,097	41,932	9,178	-	-	1,017,742
Disposal	-	-	-	-	-	-	-	(159,667)	-	(130,640)	-	-	-	-	-	(290,307)
Reclassification	-	-	-	-	-	-	-	6,812	-	(2,464)	-	(4,348)	-	-	-	-
Other decrease	-	-	-	-	(91)	-	-	-	-	-	-	(771)	-	-	-	(862)
Exchange realignment	-	-	49	-	118	822	-	878	-	817	-	42	-	9	-	2,735
At 31/3/2018	-	182,932	55,497	-	133,967	1,308,073	98,458	4,186,043	181,251	477,037	526,055	100,054	27,134	10,265	762,838	8,049,604
Additions	3,897,442	-	-	2,041,938	-	344,248	-	1,244,732	77,785	73,111	98,773	32,487	2,762	-	109,065	7,922,343
Disposal	-	-	-	-	-	-	-	(267,598)	-	(23,061)	-	-	-	-	(57,463)	(348,122)
Reclassification	-	-	-	-	(133,967)	-	-	133,967	-	-	-	2,447	(2,447)	-	-	-
Exchange realignment	-	-	(1,384)	-	-	(25,563)	-	(37,717)	-	(2,740)	-	(2,602)	(256)	-	-	(70,262)
At 31/3/2019	3,897,442	182,932	54,113	2,041,938	-	1,626,758	98,458	5,259,427	259,036	524,347	624,828	132,386	27,193	10,265	814,440	15,553,563

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold Land	Land Titles	Land Use Right	Building	Leasehold Building	Infrastructures	Leasehold Improvement	Machineries	Furniture and Fixtures	Motor Vehicles	Tools and Equipment	Office Equipment	Computer Equipment	Computer Software	Construction in progress	Total
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Accumulated Depreciation																
At 1/4/2016	-	-	-	-	-	282,106	37,162	2,032,915	162,225	160,170	407,736	-	4,235	-	-	3,086,549
Charge for the year	-	-	-	-	-	605	27,567	165,802	4,079	71,557	33,377	-	4,263	-	-	307,250
Written back on disposal	-	-	-	-	-	-	-	(152,667)	-	(21,297)	-	-	-	-	-	(173,964)
At 31/3/2017 and 1/4/2017	-	-	-	-	-	282,711	64,729	2,046,050	166,304	210,430	441,113	-	8,498	-	-	3,219,835
Acquisition of a subsidiary	-	-	25,334	-	15,516	384,681	-	948,993	-	40,920	-	42,655	-	10,214	-	1,468,313
Charge for the year	-	-	1,590	-	15,163	49,901	14,996	258,956	4,815	78,973	27,764	5,925	3,756	42	-	461,881
Written back on disposal	-	-	-	-	-	-	-	(159,667)	-	(128,175)	-	-	-	-	-	(287,842)
Reclassification	-	-	-	-	-	-	-	329	-	(103)	-	(226)	-	-	-	-
Exchange realignment	-	-	23	-	20	361	-	875	-	38	-	40	-	9	-	1,366
At 31/3/2018	-	-	26,947	-	30,699	717,654	79,725	3,095,536	171,119	202,083	468,877	48,394	12,254	10,265	-	4,863,553
Charge for the year	25,518	-	1,723	13,369	-	88,915	14,955	360,291	12,614	83,890	39,937	15,744	5,434	-	-	662,390
Written back on disposal	-	-	-	-	-	-	-	(267,576)	-	(22,935)	-	-	-	-	-	(290,511)
Reclassification	-	-	-	-	(30,699)	2,685	-	23,838	-	(1,696)	2,447	5,873	(2,448)	-	-	-
Exchange realignment	-	-	(691)	-	-	(11,553)	-	(23,069)	-	(592)	-	(1,528)	-	(256)	-	(37,689)
At 31/3/2019	25,518	-	27,979	13,369	-	797,701	94,680	3,189,020	183,733	260,750	511,261	68,483	15,240	10,009	-	5,197,743
Net Carrying Amount																
At 31/3/2019	3,871,924	182,932	26,134	2,028,569	-	829,057	3,778	2,070,407	75,303	263,597	113,567	63,903	11,953	256	814,440	10,355,820
At 31/3/2018	-	182,932	28,550	-	103,268	590,419	18,733	1,090,507	10,132	274,954	57,178	51,660	14,880	-	762,838	3,186,051

(1) Depreciation expenses of US$447,850 (2018: US$336,230) has been charged to profit or loss within cost of goods sold and US$214,540 (2018: US$125,651) has been charged to consolidated statement of profit or loss within depreciation expenses.

(2) As at March 31, 2019, land use right of net carrying amount of US$26,134 (2018: US$28,550) and part of the machineries are pledged to secure part of the bank borrowings as disclosed in Note (18) to the consolidated financial statement.

(3) As at March 31, 2019, machineries of net carrying amount of US$84,364 (2018: leasehold buildings: US$103,268) is under finance lease as disclosed in Note (17) to the consolidated financial statements.

(4) As at March 31, 2019, the leasehold land and building with the net carrying amount of HK$5,900,493 (2018: Nil) were pledged to bank to secure for the general banking facilities grated to the Group.

11. AVAILABLE-FOR-SALE INVESTMENTS, FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND OTHER INVESTMENT AT AMORTISED COST

	2019	2018
	US$	US$
Financial assets at fair value through other comprehensive income		
- Structured product	1,897,761	-
Other investment at amortised cost		
- Key man insurance policy	2,643,275	-
Available-for-sale financial assets (Note (a))		
- Key man insurance policy	-	2,643,275
- Structured product	-	1,915,618
	-	4,558,893

Note:

(a) Available-for-sale financial assets were reclassified to Financial assets at fair value through other comprehensive income and Other investment at amortised cost upon the initial application of HKFRS 9 at April 1, 2019.

(b) The key man insurance policy was pledged to bank to secure for banking facilities granted to the Company as disclosed in Note (30) to the financial statements.

12. LOANS RECEIVABLES

The loans to third parties are unsecured, bear interest rate of 2% - 2.5% per annum, and are repayable on or before March 31, 2020.

13. GOODWILL

	2019	2018
	US$	US$
Cost and carrying amount		
At March 31	1,932,750	1,932,750

14. INVENTORIES

	2019	2018
	US$	US$
Goods in transit	143,560	-
Raw materials	234,715	143,293
Work in progress	3,218,969	1,425,786
Finished goods	473,727	-
	4,070,971	1,569,079

As of March 31, 2019 and 2018, inventories of US$2,000,000 (2018: US$762,359) are used as collateral for part of the bank facilities as disclosed in Note (20) and (30) to the consolidated financial statements.

15. TRADE AND OTHER RECEIVABLES

	2019	2018
	US$	US$
Trade receivables (Note (a))	21,901,562	20,036,736
	463,871	582,105
	22,365,433	20,618,841

(a) Aging analysis of trade receivables is as follows:

Neither past due nor impaired	13,399,052	19,307,909
Past due but not impaired	8,502,510	728,827
	21,901,562	20,036,736

As of March 31, 2019 and 2018, trade receivables are used as collateral for bank facilities as disclosed in Note (20) and (30) to the consolidated financial statements.

16. AMOUNTS DUE TO ULTIMATE HOLDING COMPANY/FELLOW SUBSIDIARIES

The amounts due to ultimate holding company/fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

17. LOAN FROM A NON-CONTROLLING INTEREST/A DIRECTOR OF A SUBSIDIARY

As at March 31, 2019, loan from a non-controlling interest/a director of a subsidiary is unsecured, interest-free and would not be demanded for repayment within one year. As at March 31, 2018, the amounts are unsecured, interest-free and have no fixed terms of repayment.

18. TRADE AND OTHER PAYABLES

	2019	2018
	US$	US$
Trade payables (Note (a))	1,774,133	2,300,091
Other payables	604,701	620,594
Accruals	1,457,042	1,030,522
	3,835,876	3,951,207

(a) Aging analysis of trade payables is as follows:

Due for payment:		
Not later than one year	1,774,133	2,300,091

19. OBLIGATION UNDER FINANCE LEASE

The carrying amount of the obligation under finance lease at the end of reporting period is analysed as follows:

	2019	2018
	US$	US$
Amount repayable within one year	23,007	24,072
Amount repayable in the 2nd year	3,835	41,719
	26,842	65,791

20. SECURED BANK BORROWINGS

The carrying amount of the secured bank borrowings at the end of reporting period is analysed as follows:

	2019	2018
	US$	US$
Amount repayable within one year		
Discounted bills and trust receipt loans	9,580,836	1,170,997
Term loans	1,167,596	1,825,785
	10,748,432	2,996,782
Amount not repayable within one year but contain a repayment on demand clause		
Term loans		
Amount repayable in the 2nd year	1,202,647	532,121
Amount repayable in the 3rd to 5th years	2,697,459	2,492,588
Amount repayable in the 5th year	2,121,097	1,128,174
	6,021,203	4,152,883
	16,769,635	7,149,665

(a) The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

(b) The bank borrowing facilities are secured by the Group's machineries and equipment, part of the inventories, trade receivables together with directors' personal guarantee.

21. UNSECURED BANK BORROWING

The unsecured bank borrowing is interest-bearing and repayable within one year.

22. SHARE APPLICATION MONEY

Share application money represents the fund advanced by a fellow subsidiary. The amount is unsecured, interest-free and will convert into share capital upon the completion of share allotment.

23. EMPLOYEE BENEFITS OBLIGATION

	2019	2018
	US$	US$
At April 1	541,273	302,257
Charged to consolidated statement of profit or loss and comprehensive income	127,962	251,455
Payment during the year	(2,873)	(12,439)
At March 31	666,362	541,273

24. SHARE CAPITAL

	2019		2018	
	No. of shares	Amount	No. of shares	Amount
		US$		US$
Issued and fully paid: Ordinary shares of US$1 each				
At beginning	1,610,000	9,060,000	1,610,000	7,060,000
Increase in share capital	-	-	-	2,000,000
At end	1,610,000	9,060,000	1,610,000	9,060,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

On April 27, 2017 and July 31, 2017, the Company's issued share capital was increased by the ultimate holding company's capital injection of US$1,000,000 each in cash, making a total issued share capital of US$9,060,000.

25. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	2019	2018
		US$	US$
Non-Current Assets			
Property, plant and equipment		25,002	48,731
Investment in subsidiaries	(25a)	17,185,969	10,546,246
Other investment at amortised cost		2,643,275	-
Available-for-sale investments		-	2,643,275
Loans receivables		3,289,721	3,216,396
		23,143,967	16,454,648
Current Assets			
Deposits and prepayments		146,148	52,803
Trade and other receivables		14,950,849	14,046,253
Cash and cash equivalents		3,096,516	2,797,908
		18,193,513	16,896,964
Current Liabilities			
Amounts due to fellow subsidiaries		12,909,774	13,480,703
Amount due to ultimate holding company		3,656,957	2,982,096
Trade and other payables		853,087	1,330,031
Secured bank borrowings		11,120,109	5,620,609
Bank overdrafts		488,677	-
		29,028,604	23,413,439
Net Current Liabilities		(10,835,091)	(6,516,475)
NET ASSETS		12,308,876	9,938,173
EQUITY			
Share capital	(25b)	9,060,000	9,060,000
Retained earnings	(25b)	3,248,876	878,173
TOTAL EQUITY		12,308,876	9,938,173

APPROVED BY THE BOARD OF DIRECTORS ON MAY 27, 2019 AND SIGNED ON BEHALF OF THE BOARD BY:

Deepak Kumar SETH
Director

Pulkit SETH
Director

25. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONT'D)

(a) INVESTMENT IN SUBSIDIARIES

	2019	2018
	US$	US$
Unlisted shares, at cost	4,572,152	4,496,016
Amounts due from subsidiaries (Note (i))	12,613,817	6,050,230
	17,185,969	10,546,246

Particulars of principal subsidiaries are as follows:

Name of subsidiaries	Place of incorporation and operation	Percentage of Equity attributable to the Company				Principal activity
		2019		2018		
		Directly	Indirectly	Directly	Indirectly	
PT Pinnacle Apparels *	Indonesia	-	69.91%	-	69.91%	Engaged in garment and textiles industry
A&B Investment Limited *	U.A.E.	100%	-	100%	-	Investment holding
Pearl Global - F.Z.E. *	U.A.E.	100%	-	100%	-	Investment holding
PGIC Investment Limited	Hong Kong	100%	-	100%	-	Property holding
Pearl Global (Chang Zhou) Textile Technology Co., Ltd. *	China	100%	-	100%	-	Research and development of textile technology & products
DSSP Global Limited	Hong Kong	100%	-	100%	-	General trading and investment holding
Pearl Grass Creation Limited	Hong Kong	80%	-	80%	-	Garment trading
Vin Pearl Global Vietnam Limited	Hong Kong	100%	-	100%	-	Investment holding
Pearl Global Vietnam Company Limited *	Vietnam	-	100%	-	100%	General trading, import and export
Prudent Fashions Limited *	Bangladesh	97.5%	-	97.5%	-	Garment manufacturer

* Not audited by Louis Lai & Luk CPA Limited

(i) The amounts due from subsidiaries are unsecured, interest-free and has no fixed terms of repayments.

25. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONT'D)

(b) MOVEMENT IN THE EQUITY OF THE COMPANY

	Share capital	(Accumulated losses)/ Retained earnings	Total
	US$	US$	US$
At April 1, 2017	9,060,000	(687,742)	8,372,258
Profit for the year	-	1,565,915	1,565,915
At March 31, 2018	9,060,000	878,173	9,938,173
Profit for the year	-	2,370,703	2,370,703
At March 31, 2019	9,060,000	3,248,876	12,308,876

26. OPERATING LEASE COMMITMENTS

At the end of reporting period, the Group had the outstanding commitments under its non-cancellable operating leases, which fall due as follows:

	2019	2018
	US$	US$
Within one year	296,026	126,378
In the second to fifth years inclusive	106,370	6,061
	402,396	132,439

27. FINANCE RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Group's principal financial instrument comprises cash and cash equivalents, loans from immediate holding company, secured and unsecured bank loans, obligations under finance lease and loans from a non-controlling interest and a director of the a subsidiary. The main purpose of the financial instrument is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade deposits paid, trade and other receivables, amount due to ultimate holding company, amounts due to fellow subsidiaries and trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, liquidity risk and interest rate risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising primarily from Indonesian Rupiah, Vietnamese Dong, Hong Kong Dollars and Euro. The Group considers its exposure to foreign exchange rate risk is moderate because transactions with the Group's suppliers and customers are unusually denominated in the same type of foreign currency.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the Group to which they relate. For presentation purpose, the amounts of the exposure are shown in United Stated dollars, translated using the spot rate at the end of reporting period.

	(Expressed in US$) 2019							
	HKD	IDR	EUR	GBP	SGD	VND	CNY	Total
Fincial assets at FVOCI	-	-	477,750	-	-	-	-	477,750
Deposit and prepayment	72,695	-	-	-	-	7,223	-	79,918
Trade and other receivables	3,568	-	-	-	-	-	729	4,297
Bank and cash balances	246,873	255,585	-	143	20	102,399	7,250	612,269
Trade and other payables	(101,662)	-	-	-	-	(527,316)	(25)	(629,003)
Secured bank borrowings	(2,212,082)	-	-	-	-	-	-	(2,212,082)
Net exposure arising from recognised assets and liabilities	(1,990,608)	255,585	477,750	143	20	(417,694)	7,954	(1,666,851)

	(Expressed in US$) 2018						
	HKD	IDR	EUR	GBP	SGD	VND	Total
Available-for-sale investments	-	-	464,600	-	-	-	464,600
Deposit and prepayment	83,451	300,655	-	-	-	-	384,106
Trade and other receivables	6,155	9,684	253,589	-	-	-	269,428
Bank and cash balances	99,290	465,094	77,017	210	215	-	641,826
Trade and other payables	(13,788)	-	-	-	-	(343,095)	(356,883)
Provision for taxation	(10,153)	(41,049)	-	-	-	-	(51,202)
Net exposure arising from recognised assets and liabilities	164,955	734,384	795,206	210	215	(343,095)	1,351,875

27. FINANCE RISK MANAGEMENT, OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk (cont'd)

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit/loss before tax in response to reasonably possible changes (e.g.±10%) in the foreign exchange rates to which the Group has significant exposure at the end of reporting period.

	2019		2018	
	Increase	Decrease	Increase	Decrease
	US$	US$	US$	US$
British Pound (GBP)	14	(14)	21	(21)
Euro (EUR)	47,775	(47,775)	79,521	(79,521)
Hong Kong Dollar (HKD)	(199,061)	199,061	16,496	(16,496)
Indonesian Rupiah (IDR)	25,559	(25,559)	73,438	(73,438)
Singapore Dollar (SGD)	2	(2)	22	(22)
Vietnamese Dong (VND)	(41,769)	41,769	(34,310)	34,310
Chinese Yuan (CNY)	795	(795)	-	-
	(166,685)	166,685	135,188	(135,188)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of reporting period and had been applied to the Group's exposure to currency risk for the variables.

The stated changes represent management's assessment of reasonably possible change in foreign exchange rates over the period until the next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the Hong Kong dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on Group's profit after tax and equity measured in the respective functional currencies, translated into United States dollars at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2018.

Credit risk

The Group has no significant concentrations of credit risk because the creditworthiness of each of the Group's customers has been assessed before any services are provided to them on credit. The Group also has policies that limit the amount of credit exposure to any customers. The management are not aware of any factors indicating that any trade debtors and other debtors would not be capable of repaying their outstanding amounts. Accordingly, the management are of the opinion that the Group is adequately protected from the credit risk.

27. FINANCE RISK MANAGEMENT, OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk

As the Group keeps sufficient cash equivalents at the end of reporting period, the management are of the opinion that the Group is adequately protected from the liquidity risk.

Interest rate risk

(i) Exposure to interest rate risk

The Group's assets exposed to interest rate risk are cash and cash equivalents. Carrying amounts of net financial liabilities as at March 31 that exposed to interest rate risks were as follows:

	2019	2018
	US$	US$
Financial assets bearing variable interests:		
Cash and cash equivalent	4,111,289	3,642,958
Financial liabilities bearing variable interests:		
Secured bank borrowings		
- term loans, bills discount loans and trust receipt loans	(7,188,799)	(5,978,668)
Unsecured bank borrowing- term loan	(346,460)	-
Obligations under finance lease	(26,842)	(65,791)
	(7,562,101)	(6,044,459)
Net financial liabilities exposed to interest rate risk	(3,450,812)	(2,401,501)

(ii) Sensitivity analysis

At March 31, 2019, it is estimated that a general increase/decrease of 100 basis points in interest rate, with all other variables held constant, interest income and profit before taxation for the year ended March 31, 2019 would decrease/increase by a net amount of US$3,732 (2018: US$2,970). The carrying amount of financial asset/liability measured at amortized cost and the carrying amount of financial asset/liability bearing interest rate measured at fair value would not be affected by the assumed 100 basis points increase/decrease in interest rate.

Although a financial asset or financial liability may be subject to interest rate risk, its carrying amount may not necessarily be affected by the assumed 100 basis points increase in market interest rates.

28. FAIR VALUE MEASUREMENT

Financial assets measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Valuation on the fair value of the investment in unlisted equity securities is performed by an independent valuer.

	Fair value measurements as at March 31, 2019 categorised into		
	Level 1	Level 2	Level 3
Fair value measurement			
Financial assets at FVOCI			
- Structured products	1,897,761	-	-

	Fair value measurements as at March 31, 2018 categorised into		
	Level 1	Level 2	Level 3
Fair value measurement			
Available-for-sale investment			
- Structured products	1,915,618	-	-
- Key man insurance policy	2,643,275	-	-
	4,558,893	-	-

During the years ended March 31, 2019 and 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

29. RELATED PARTY TRANSACTIONS

During normal course of business, the Group had the following material transactions with the related parties:

Name of Company	Relationship	Nature of transaction	2019	2018
			US$	US$
Norp Knit Industries Limited [1]	Fellow Subsidiary	- Sales	50,091,526	1,253,722
		- Purchases	867,565	51,008,772
		- Sampling income	30,947	1,645
Pearl Global Fareast Company Limited [1]	Fellow subsidiary	- Sales	23,383,517	21,876,979
		- Sundry expenses	43,697	-
Pearl Global Industries Limited, India [1]	Ultimate holding company	- Sales	824,196	841,545
		- Purchases	3,907,210	1,108,189
		- Sampling expenses	1,254,744	2,448,389

[1] Connected with Deepak Kumar SETH, Pulkit SETH who are the directors of the captioned company.

30. BANKING FACILITIES

General banking facilities were granted by various banks to the subsidiary of the Group and were secured by bank accounts, machineries and equipment, inventories, trade receivables, ultimate holding company's and fellow subsidiaries' corporate guarantee and directors' personal guarantee.

31. CONTINGENT LIABILITIES

The Group had the following contingent liabilities not provided for in the consolidated financial statements at the end of reporting period:

	2019	2018
	US$	US$
Irrevocable letters of credit	1,339,634	5,958,863

32. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED MARCH 31, 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended March 31, 2019 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16, *Leases*	January 1, 2019
HK(IFRIC) 23, *Uncertainty over income tax treatments*	January 1, 2019
Annual Improvements to HKFRSs 2015-2017 Cycle	January 1, 2019
Amendments to HKAS 28, *Long-term interest in associates and joint ventures*	January 1, 2019

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application.

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

34. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Company's Board of Directors on May 27, 2019.